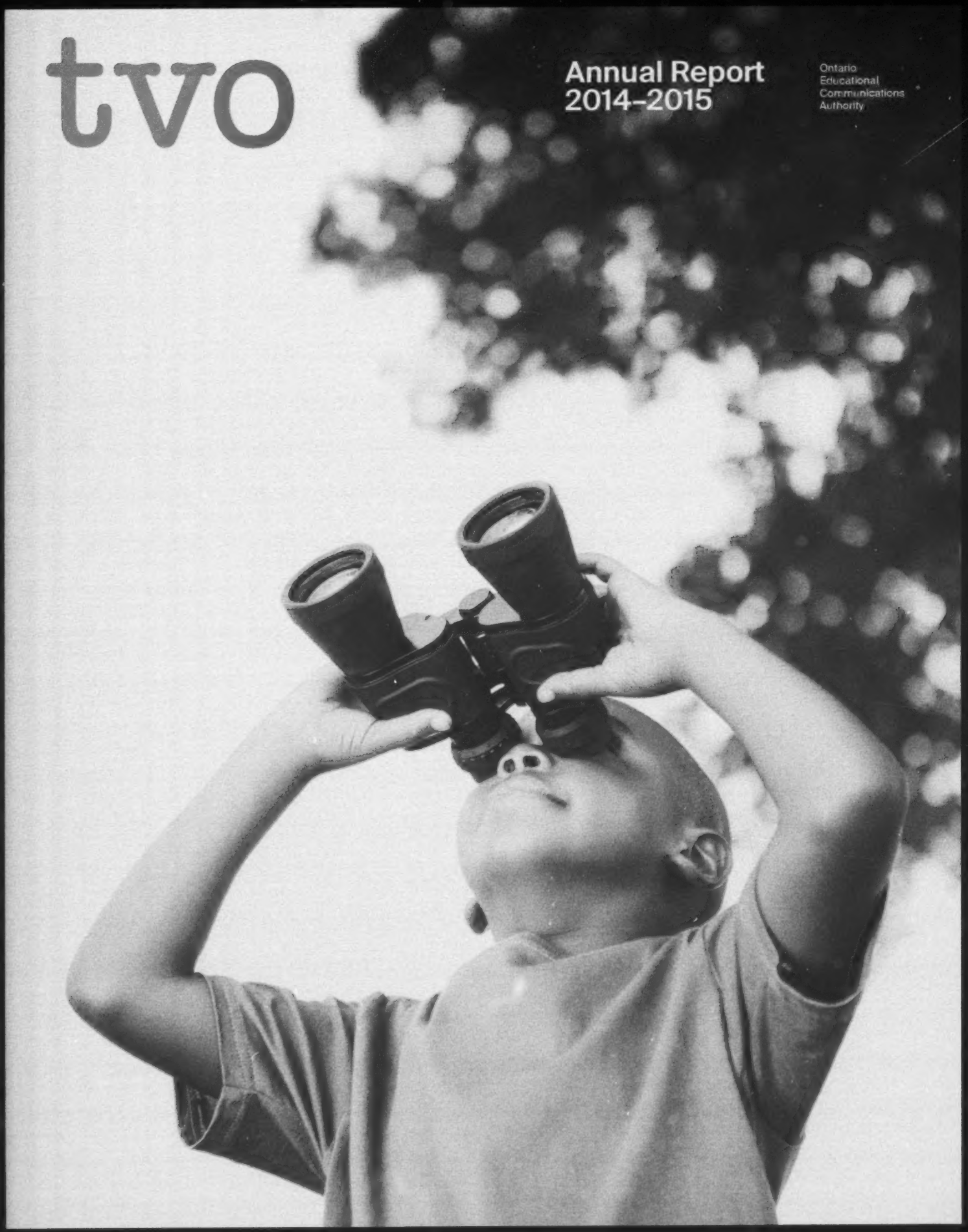
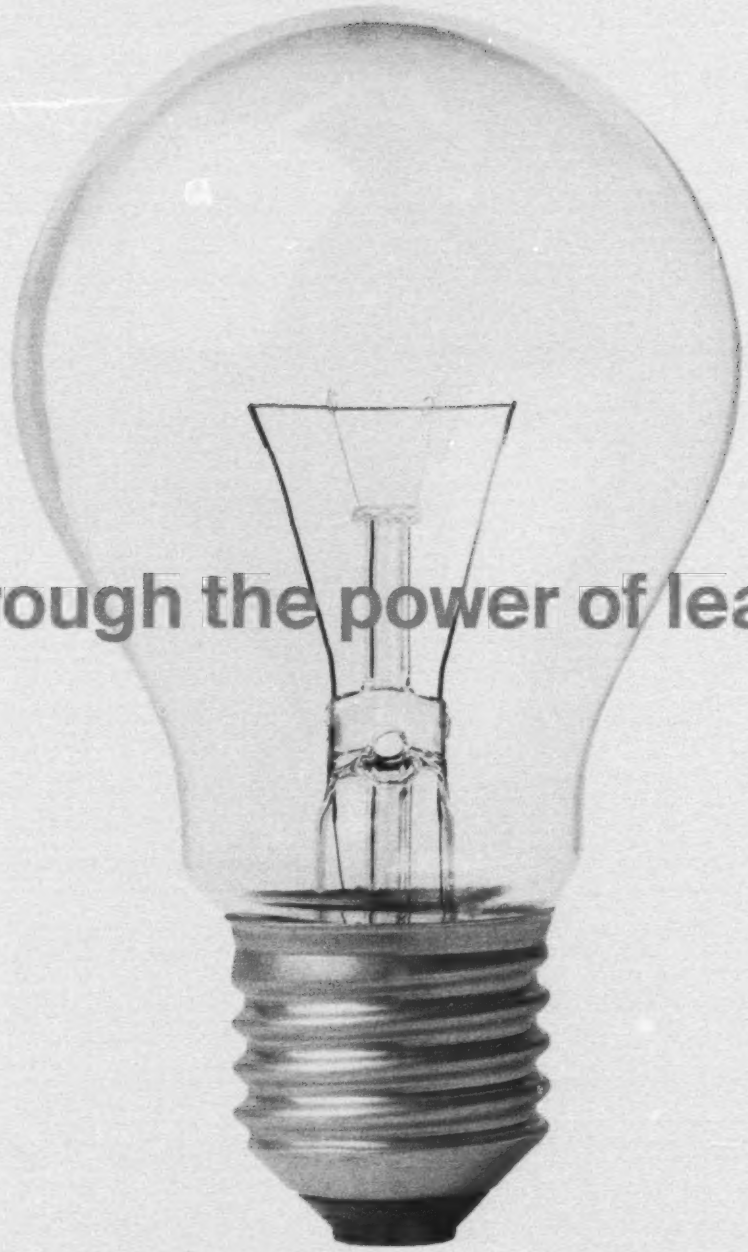
tvo

Annual Report 2014–2015

Ontario Educational Communications Authority



TVO's Vision: Creating a better



world through the power of learning

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Message from the Chair of the Board of Directors

For 45 years, TVO has built a reputation based on trust and quality as the technological extension of Ontario's public education system. Today, TVO's educational content reaches millions of Ontarians on-air, online and on mobile devices.

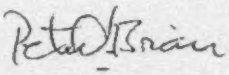
TVO delivers unique value. We are focused on delivering impact in digital education and current affairs. We are committed to creating deep educational experiences that help all Ontarians realize their potential through learning, thereby strengthening the engagement of citizens and helping to build strong communities.

On behalf of the Board of Directors of TVO, I applaud Lisa de Wilde for her leadership and vision in transforming TVO into the innovative digital learning organization it is today. I would also like to commend TVO's dedicated team who work tirelessly to deliver on our vision. And of course, I am thankful to my fellow Board members for their insight and commitment to TVO. In this report, you'll see how TVO has made great progress in delivering on its New Strategic Directions.

I would like to recognize the valued input of TVO's Regional Councillors Advisory Board who provide important links between TVO and Ontario communities and expand the reach of our educational resources.

Lastly, I would also like to acknowledge the support of the Government of Ontario, corporate sponsors and the thousands of Ontarians who give generously and choose to support TVO.

I am very proud of what TVO has accomplished this year. As a leader in digital education, current affairs and documentaries, TVO has an incredibly exciting future.



Peter O'Brian
Chair of the Board of Directors

Message from the Chief Executive Officer

In 1970, Ontario Premier Bill Davis created TVO as the technological extension of the public education system. In an era of black-and-white TVs and rabbit-ear reception, Premier Davis had a bold vision – he believed that technology could improve the education offered to Ontarians.

Today, TVO is leveraging digital technology to ignite the potential that lies within everyone through learning.

TVO is providing all Ontarians opportunities to learn on every screen.

Transformation Strategy

Linear television is in its autumn years. Traditional media companies are facing disruption and declining market share as consumers choose new options. Content producers, distributors and broadcasters must find innovative business models in order to survive and thrive.

Learning is changing. Today, learning is authentic, collaborative, personalized, transformative, complex and social. Digital learning presents TVO w th opportunities to deliver more impact to the citizens of Ontario. TVO is moving into the traditional classroom with digital learning resources, as we are uniquely positioned to marshal expertise at the intersection of curriculum, pedagogy and technology.

TVO is gaining momentum as the organization delivers on our ambitious five-year plan that began in 2013–2014.

The plan outlines our key strategies, which are to

- be the Government of Ontario's partner for digital learning;
- be the digital public space for Ontario-perspective in-depth current affairs; and
- empower our employees to thrive in an organization that embraces continual change.

TVO is delivering on these strategies with innovative educational products, in-depth current affairs, groundbreaking documentaries, and award-winning TVOKids content.

In year one of our five-year plan, TVO established the plan, built the senior team and reorganized the team to deliver on the new strategies. In year two, 2014–2015, new divisional strategies were created for the Current Affairs and Documentaries and Digital Education divisions, and key projects were initiated, including TeachOntario, a new tvo.org, the tvokids.com mobile-responsive site, and the development of a suite of new digital math resources. New revenue opportunities, driven from our mandate-based products like TVO's Homework Help and ILC, were investigated.

In the third year of our plan, 2015–2016, TVO will continue to launch new products that will provide value to the citizens of Ontario.

Supporting Learners with Innovative Educational Products

Digital technology makes it possible to customize every child's education thanks to the innovative use of games, virtual reality and the global connectedness which already defines our lives.

To support teachers in improving student outcomes, TVO introduced TeachOntario, a new platform for sharing, collaboration and knowledge exchange amongst educators across Ontario. Although still in a beta phase, TeachOntario already reaches more than 1,500 teachers from every corner of our vast province and offers online collaboration as part of TVO's commitment to support learning inside the classroom.

To support Ontario's students, TVO offers Homework Help, a free online math tutoring service for those in grades 7–10.

"Thank you @tvo for broadcasting historian Norm Christie's excellent new 4-part series The Great War."

–The Hon. James Moore, Minister of Industry, Government of Canada via Twitter

Students who use Homework Help demonstrate improved EQAO math results. Also operated by TVO, the Independent Learning Centre (ILC) is Ontario's largest high school with approximately 20,000 students earning credits towards a diploma or a prerequisite for post-secondary admission.

Getting Kids Ready for Success in School and in Life

TVO is the most watched television channel among children in Ontario during the TVOKids block[1], proving that there's a demand for high-quality children's educational media. TVO is also the most trusted and most educational[2] media brand for children among Ontarians.

TVOKids provides our youngest minds with fun and engaging digital learning opportunities. In the past year, amongst many other programs, TVOKids introduced *Hi Opie!*, a new series and interactive website that prepares pre-school children for kindergarten; *Odd Squad,* which helps kids solve mysteries while strengthening math skills; and *Annedroids,* which features a female kid scientist who invents androids and problem-solves with her friends.

We also launched a mobile-responsive website for TVOKids.com, as well as new games, including *Frantic Find,* that strengthen spatial sense in primary learners, a key part of building future math success.

Our primary objective for TVOKids (both on TV and online) is to improve student outcomes, not generate toy sales or advertising revenues.

Engaged Citizens, Strong Communities

Communities function best where social trust is high, where people shoulder the responsibilities of active citizenship while appreciating its privileges. Social trust is a real competitive advantage in this globalized world. It enables individuals to grow into active citizens and be empowered to build strong, vibrant communities. TVO believes in the vital role that education, the great equalizer, plays in building strong communities.

The values of journalism – editorial integrity, independence, quality and diversity – which are fundamental to the functioning of democratic societies, are more important than ever. This year, TVO will build out the digital public space for Ontario current affairs, creating an online meeting place for meaningful public conversation about the big issues of the day. By launching multi-platform narrative themes on the redesigned website, tvo.org, we will provide a virtual public meeting place to deepen understanding of the events that shape our world. Next year, *The Agenda with Steve Paikin* will mark its tenth season and will be refreshed to provide more ways for more Ontarians to join the conversation.

TVO's groundbreaking documentaries are aligned with our current affairs content and illuminate the complex issues of the modern Ontario experience.

The TVO-commissioned documentary *Out of Mind, Out of Sight: Inside the Brockville Psych* features the complexities of mental health as it asks: what happens to those who suffer from mental illness and commit violent crimes? This gripping and award-winning documentary reveals the stories of patients who are struggling to gain control over their lives, and like so many TVO docs, raises awareness about important societal issues.

TVO also presented the world premiere of the 10-part documentary series, *The Polar Sea*, an international co-production that shines a light on climate change in the Arctic. Its digital companion piece, *Polar Sea 360* (an Ontario innovation), brought viewers into a fully immersive online experience. With all commissioned documentaries, TVO seeks opportunities to feature complementary interactive online content to extend the experience and provide more depth.

TVO's prime-time block ranks number one among Ontario viewers of non-sports

"What a wonderful gift to give to the people of Ontario. Thank you Donald Pounder – by giving this money to TVO, they will be able to continue to provide the excellent shows and educational materials."

(See page 42 for the full story.)

–B. Tucker via Facebook

specialty stations, and has ranked in the top three for the past five years.

Financial Sustainability

Generous support from the Government of Ontario allows TVO to innovate and provide the very best value to Ontarians. TVO is a charity and relies on the support of donors and sponsors to fulfill its mandate and to alleviate pressure on government funding. In the past year, the organization continued to find cost savings to direct to new activities and pursued a strategy of monetizing TVO's products.

We are fortunate to receive support from more than 33,000 committed donors, and grateful to have received a transformative donation in the amount of $2.5 million through the generosity of avid TVO fan Mr. Donald Pounder. In keeping with Mr. Pounder's wishes, 25 per cent of his bequest will be directed towards *The Agenda with Steve Paikin*. This gift will allow us to produce new products that support digital learning and engage the citizens of Ontario.

TVO contributes to the Canadian independent production industry: our participation in the production of documentaries and TVOKids programs supports high-quality jobs and triggers budgets for Ontario independent producers of $25 million each year.

TVO's government funding amounts to the cost of a donut and a coffee per person per year, delivering tremendous value for Ontarians.

Empowering Our Team

TVO is building a values-based culture of innovation, empowering team members to deliver TVO's strategy and thrive in an organization that embraces continual change.

Our passion for learning is built into our values:

- excellence and innovation,
- collaboration,
- ownership,
- respect, and
- trust.

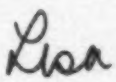
TVO is committed to providing training and professional development for our staff. One example is the award-winning OCAD University training program (see page 27). TVO's team is encouraged to obtain an average of five training days per year as a performance goal. By strengthening the team's digital skills, TVO delivers the best possible educational products and maximizes the impact of every dollar.

Innovation Shapes Our Future

TVO is playing an important role in Ontario's education ecosystem by leveraging our expertise at the junction of curriculum, pedagogy and technology. TVO has much to offer – inside and outside the classroom, on broadcast, online and on social media. Our record of success shows that we consistently meet the demand for high-quality educational content that enhances the very fabric of our province.

We are committed to leading the way by offering innovative educational experiences, helping students of all ages achieve their potential. We are also building a digital public space for in-depth discussion to increase understanding of the big issues confronting us as citizens of Ontario.

As we move forward with our ambitious five-year plan, we are committed to providing value and to serving the people of Ontario on their journey of learning.



Lisa de Wilde
Chief Executive Officer

Sources: [1]Numeris–All Locations Ontario Consolidated Broadcast Year 13-14 and 14-15 to March 29th 2015, 6a–7p Mon–Fri and 6a–4p Sat–Sun, amongst Ontarians 2-11 years of age; [2]Vision Critical study, 2014.

Making an Impact

TVO's high-quality educational content reaches more Ontarians inside and outside the classroom, on television, online and on mobile devices than ever before.

TVO

11M+
Ontarians watch TVO on television every year.

No.1
prime-time block ranking among non-sports specialty stations (consistently in the top three for the past five years).

Almost double the audience
of CBC NewsNetwork or CNN audience in Ontario.

1 coffee + 1 donut
Government funding allows TVO to deliver impact through innovative educational products for the price of a coffee and donut per Ontarian each year.

Innovative Educational Products

Improved EQAO math results

Students who use Homework Help demonstrate improved EQAO math results.

Ontario's Largest High School

The ILC is Ontario's largest high school with almost 20,000 students earning credits towards a diploma or a prerequisite for post-secondary admission.

Connecting Teachers

TeachOntario connects teachers from Windsor to Red Rock to Ottawa, and all points in between.

Award-Winning TVOKids

"Sustained viewing of educational television series like TVOKids' *Prime Radicals* can produce a significant impact on both the process of children's mathematical problem-solving and the sophistication of their solutions."

–Dr. Lynda Colgan, Queen's University

tvo kids

Most trusted & most educational media brand

Ontarians rate TVO the "most trusted" and "most educational" media brand for children.

(Source: Vision Critical, 2014)

Most watched

1.2 million kids ages 2 to 11 years watch TVOKids every year, making it the most watched television channel among children in Ontario during the TVOKids block.

In-Depth Current Affairs & Groundbreaking Documentaries

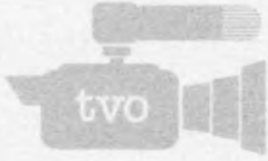
Top Twitter influencer

Steve Paikin is the top Twitter influencer at Queen's Park, followed by more members of the Ontario Legislature than anyone else.

Source: Hill + Knowlton Strategies

500+

interviews and debates are produced every year by *The Agenda with Steve Paikin*.



$25M

Documentaries and TVOKids productions support high-quality jobs and trigger budgets for Ontario independent producers of $25 million every year.

Performance Highlights

TVO's operating plan is composed of five strategic priorities:

1. Digital Learning
2. Citizen Engagement
3. Great Place to Work
4. Strategic Growth
5. Financial Sustainability

The following section details TVO's growth and progress within these priorities.

1. Digital Learning

TVO is a leader in the educational landscape. TVO creates innovative digital education programs, services and resources to support learning both inside and outside of the classroom.

TVO's digital learning content starts with an educational objective from the Ontario school curriculum. TVO's Educational Blueprint helps to respond to the complexity and engagement required today – it is a rigorous approach that ensures that TVO products and services use an evidence-based instructional design process. Informed by research, evidence and the input of education specialists, the blueprint process also includes testing content with students and teachers in Ontario classrooms.

TVO is focused on strengthening STEAM (science, technology, engineering, arts and math) skills through engaging experiences that leverage the power of digital media.

TVO's educational content supports the Ministry of Education's 2014 *Achieving Excellence* vision, and provides Ontario teachers and students with the digital tools, programs and resources they need to succeed.

The Hon. Liz Sandals, Ontario's Minister of Education, invited Opie (the star of *Hi Opie!*) to join her in a Toronto kindergarten classroom for the first day of school in September 2014.

"Honestly, I'm so glad that TVO is making an investment in a show like this. As the father of a four-year-old girl who loves, in her words, 'doing science' (her most popular experiment is tying various toys to her helium balloons to see which will float in the air), shows like *Annedroids* can only help to normalize and encourage such passions."

–Joe Boughner, Yummymummyclub.ca

"It's not 'ugh, math'...but a more 'oh, that's soooo cool'-math!"

–Sonya Davidson, urbanmoms.ca on *Odd Squad*

Award-Winning TVOKids Content

Highlights:

• TVOKids.com mobile-responsive site launched, featuring a friendly and accessible homepage designed to get young visitors immediately immersed and engaged in educational videos, games and apps for the best possible online experience on mobile and on tablets.

• *Bear's Birthday Party*, the new preschool early math sorting game, is designed to help children strengthen key developmental skills including sorting, classifying and comparing.

• *Frantic Find*, a new multi-player app and game, connects with grades 1–3 math curriculum and offers young players a fun way to engage with geometry and strengthen their spatial sense.

• A new app, *Word Racer*, is a high-speed spelling game that connects to grades 3 and 4 language curriculum and encourages children to learn new vocabulary.

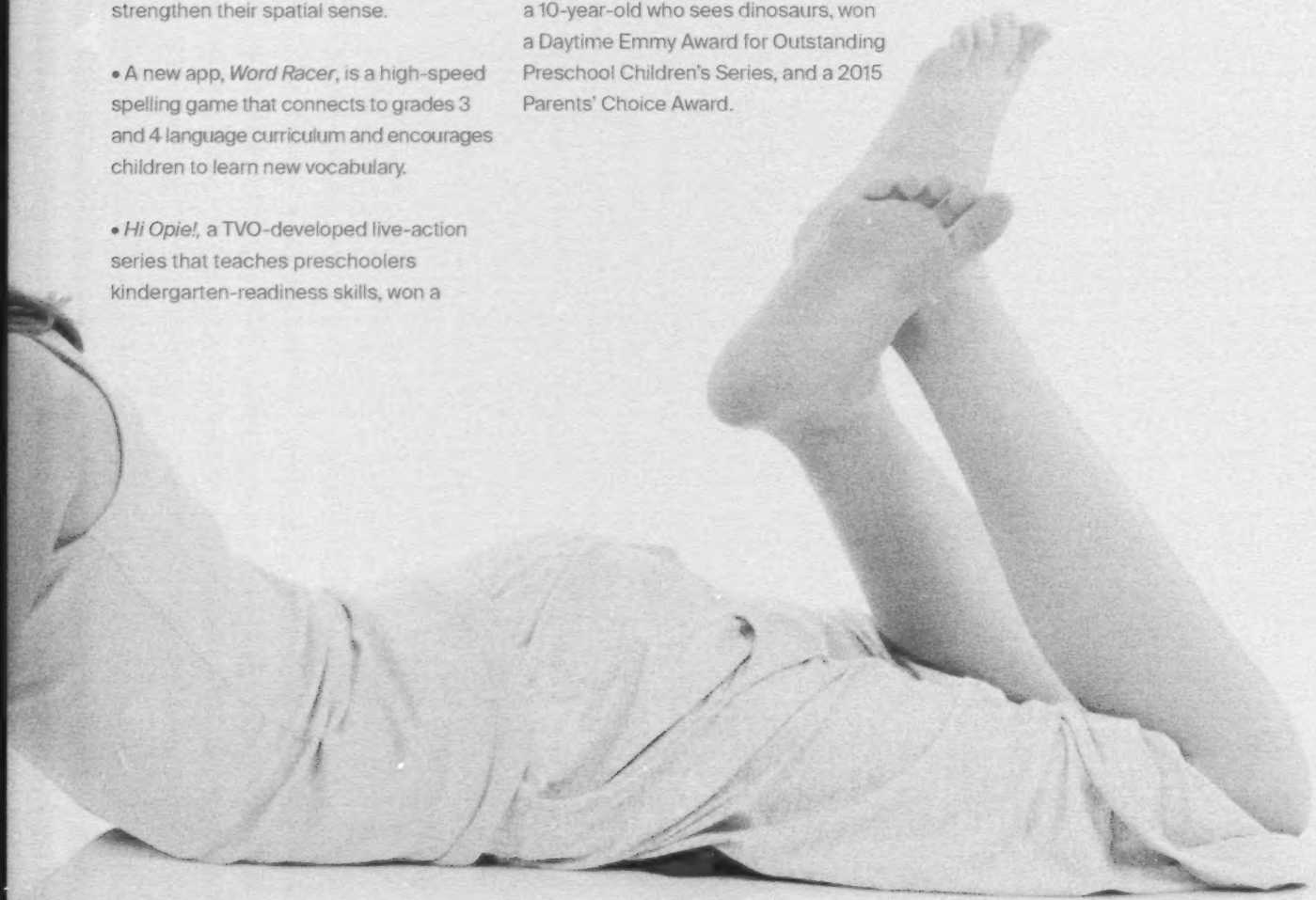
• *Hi Opie!*, a TVO-developed live-action series that teaches preschoolers kindergarten-readiness skills, won a Kidscreen Award for the Best Website in the Preschool Category and a Youth Media Alliance Award for Best Convergent Website.

• *Annedroids*, a new live-action TVOKids program that follows the adventures of 11-year-old genius and kid-scientist Anne, won the IPST Education Award at the 2014 International Science Film Festival, a 2015 Parents' Choice Award, and the 2015 Youth Media Alliance Grand Prize for Best Production, All Categories. *Annedroids* was also nominated for a Daytime Emmy Award.

• *Dino Dan: Trek's Adventures*, a live-action TVOKids program featuring a 10-year-old who sees dinosaurs, won a Daytime Emmy Award for Outstanding Preschool Children's Series, and a 2015 Parents' Choice Award.

• *Odd Squad*, a live-action TVOKids comedy series featuring kid agents who solve math-related mysteries, won a Daytime Emmy Award for Outstanding Directing in a Children's or Preschool Children's Series as well as a technical award, a 2015 Parents' Choice Award, and a 2015 Youth Media Alliance Award for Best Television Program, All Genres, Ages 6–8.

• For the 12th year, *CityParent* readers voted TVOKids the "Best Family TV Station."



1. Digital Learning

ILC CEI

Powered by tvo

"The ILC experience was everything I hoped it would be. The courses offered high-quality content, and I am now pursuing my goal of studying theoretical physics at university."

– Sarah M., aged 17, ILC graduate

"This makes me want to learn more – to step on board the upward learning curve and stay on for the ride."

–Harry Schildroth, aged 83, 2014 GED recipient and valedictorian

The Independent Learning Centre (ILC)

TVO operates Ontario's largest high school, the Independent Learning Centre (ILC) (ilc.org), which grants Ontario Secondary School Diplomas and GED (General Educational Development) credits. Key to reaching potential and building a skilled workforce, the ILC provides a pathway to post-secondary education. Students enroll in online learning to earn credits towards their diploma or as a prerequisite for entering a post-secondary program. The ILC is student-centred, with continuous in-take all year and opportunities for students to complete courses at their own pace. ILC graduates vary in age, with 2014 grads ranging from 17 to 83 years old.

Highlights:

- The ILC is Ontario's largest high school with 19,436 students registered for 26,363 courses.
- Almost half of ILC's student population goes on to apply to post-secondary educational institutions with the credits they have earned from ILC courses.
- More than 2,000 students completed the seven-hour set of GED tests in the subjects of writing, language arts, reading, mathematics, social studies and science – affording them the opportunity to upskill and helping to bolster the workforce.

Homework Help

Homework Help (homeworkhelp.ilc.org) is a free online math resource for students in grades 7–10 with live, one-on-one tutoring from Ontario-certified teachers. Interactive video tutorials and listen-and-learn sessions are available 24/7, and students are able to connect with teacher-tutors online after school, in the evenings.

Students who use Homework Help demonstrate improved EQAO math results.

Homework Help
tvo

"The tutors were really helpful and nice. Even if you're stuck on a problem, they will explain it a few times and will help you all the way through to the end of the question to make sure you understand it. It made me more confident in my classroom because if I wasn't clear on the lessons, I knew I could always go to the 24/7 resources and check out the videos. When I had math homework, I would look for those resources."

– Alexandra B., grade 10 student

Highlights:

- Students engaged in 647,514 learning interactions via Homework Help, accessing both 24/7 online resources and live one-on-one tutoring.
- More than 300 Ontario teacher-tutors supported student success via Homework Help.
- In order to extend the digital learning service throughout the summer and reach summer school students, Homework Help offered its tutoring service for the first time during the month of July. Results showed that the service was well-received, with 3,358 questions solved in 31 days.

1. Digital Learning

Teach Ontario
Powered by tvo

TeachOntario

TeachOntario (tvo.org/teachontario) is a new platform that supports sharing, collaboration and knowledge exchange amongst educators across the province for the broader benefit of Ontario's students.

Created and powered by TVO, in partnership with the Ontario Teachers' Federation and its affiliates, and the Ministry of Education, TeachOntario is a unique destination featuring content for Ontario's teachers, by Ontario's teachers.

"TeachOntario helps me find the information I need and helps me connect with teachers from across the province."

–Louise Robitaille, teacher at Monsignor Castex School, Simcoe Muskoka Catholic District School Board

"TeachOntario has a direct impact on my teaching and that translates to my students."

–Derrick Schellenberg, teacher at Sir William Mulock Secondary School, York Region District School Board

Highlights:

• TeachOntario's beta phase saw registrations from educators within the English Public, English Catholic and French Language sectors.

• TVO Digital Resources were published on TeachOntario, providing a curated list of TVO's finest educational games and programs suited for the classroom, organized by curriculum connection, and by grade or course code.

• While still in beta phase, the TeachOntario community grew to over 1,500 registered teachers by March 31, 2015.

• Using TeachOntario to showcase innovative practices in Ontario education, new TeachOntario Talks highlight exceptional Ontario teachers' success stories.

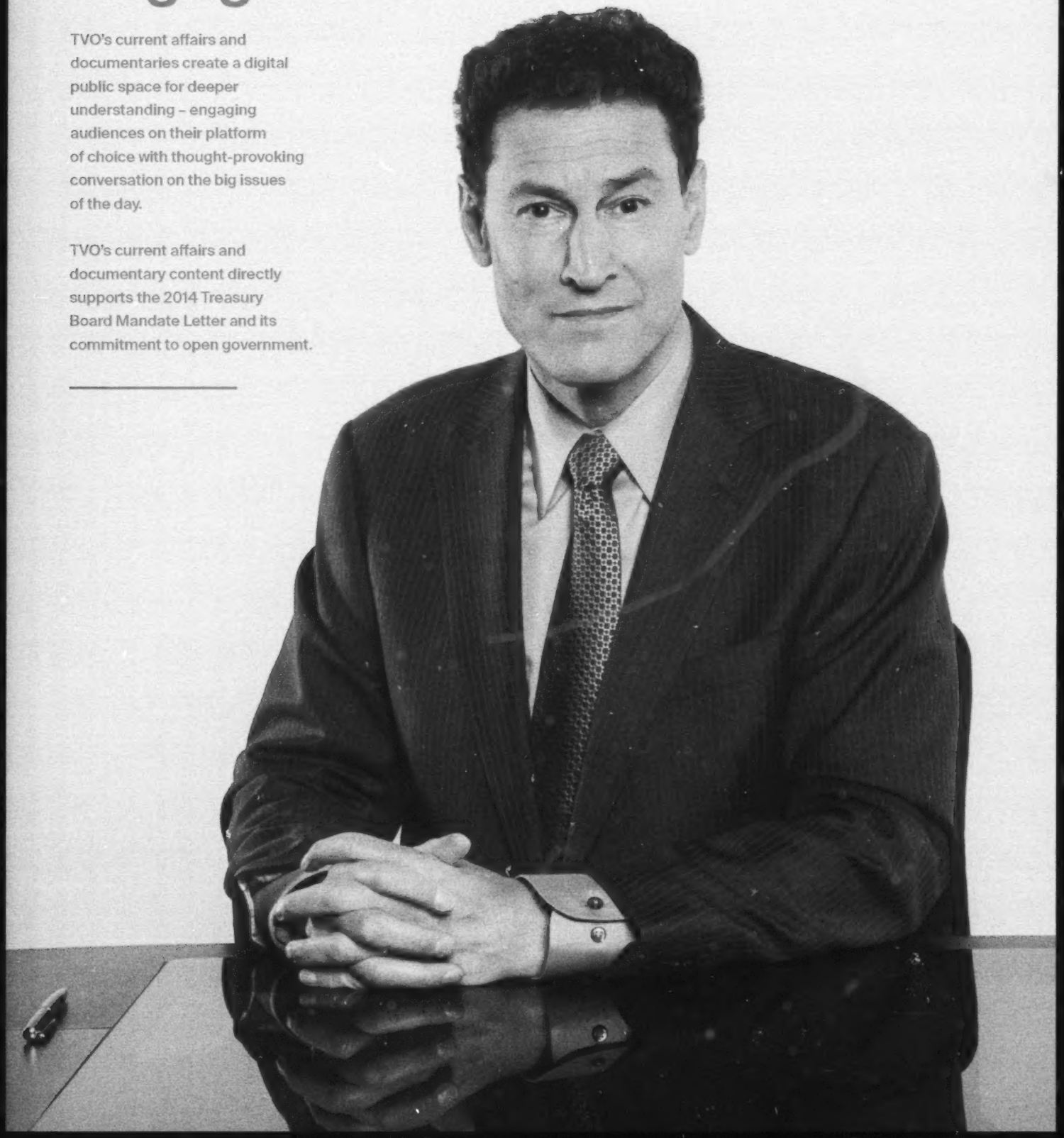
• In partnership with the Ministry of Education, TeachOntario provides a forum for teachers' illustrative examples that help bring to life the Ministry vision, *Achieving Excellence: A Renewed Vision for Education in Ontario*. These findings were then published in the e-book *Learning Out Loud*.

Teachers at Ross Doan Public School using TeachOntario

2. Citizen Engagement

TVO's current affairs and documentaries create a digital public space for deeper understanding – engaging audiences on their platform of choice with thought-provoking conversation on the big issues of the day.

TVO's current affairs and documentary content directly supports the 2014 Treasury Board Mandate Letter and its commitment to open government.



In-Depth Current Affairs

The Agenda with Steve Paikin offers in-depth analysis and thoughtful debate, and empowers Ontarians to be engaged citizens. Now entering its tenth season, *The Agenda* provides an Ontario perspective on the big issues of the day.

TVO's website, tvo.org, furthers the conversation online. It is the website of choice for gaining a deeper understanding of the issues that matter to Ontarians.

The website tvo.org is currently being refreshed to deliver on TVO's strategy to provide a digital public space.

Highlights:

- More than 500 interviews and debates with opinion leaders on *The Agenda with Steve Paikin* on-air and online.
- More than 500 online posts and articles written for *The Inside Agenda Blog*.
- Produced *Your Vote 2014*, a special on-air and online series on the Ontario election with in-depth coverage and interviews with 41 candidates representing four parties.
- The TVO On The Road community outreach series recorded several broadcasts of *The Agenda with Steve Paikin* live in North Bay, Barrie and Thunder Bay, engaging in dialogue with local business experts, educators and thought leaders.
- Steve Paikin's national bestseller, *Paikin and the Premiers: Personal Reflections on a Half-Century of Ontario Leaders*, won the 2014 Speaker's Book Award, as selected by the Speaker of the Legislative Assembly of Ontario, the Hon. Dave Levac

The Agenda with Steve Paikin

The Agenda with Steve Paikin is TVO's flagship current affairs program and the gold standard for in-depth analysis and thoughtful debate in Canadian media.

155,000+

engaged followers on social media

500+

insightful interviews + debates every year

500+

blog posts every year

"Steve Paikin is the man I count on as the most respected voice on Ontario politics."

-John Tory, on CFRB

"TVO is a channel for those who enjoy learning, intellectual stimulation and beauty."

-C. Dion, donor

"It's a shame 'The Agenda' w/S.Paikin isn't broadcast across Canada. Today's show on Cdn-US relations–10/10"

-Hon. James Moore, Minister of Canadian Heritage, via Twitter

"Steve's commitment to citizen engagement through educational broadcasting is inspiring, and his reputation as a journalist is sterling."

-Dominic Giroux, Laurentian University President and Vice-Chancellor

"TVO's Paikin is one of Ontario's most knowledgeable political journalists as well as a top-notch interviewer. His institutional memory is second to none."

-Chantal Hébert, *Toronto Star*

2. Citizen Engagement

Groundbreaking Documentaries

TVO's documentaries illuminate complex issues, challenge thinking and tell otherwise unheard stories. They reflect the unique, diverse modern Ontario experience.

Highlights:

• A sold-out special Hot Docs screening of the documentary *David & Me*, featuring an updated ending of the film, sharing the story of David McCallum's exoneration. The event also included a compelling question-and-answer interview with McCallum and Ontario filmmakers Ray Klonsky and Marc Lamy, led by Steve Paikin.

• *Apocalypse: WWI*, a five-part documentary series featuring rare war footage shot by soldiers, won two Canadian Screen Awards: Best History Series, and the Barbara Sears Award for Best Visual Research.

• *Unsung: Behind the Glee*, a documentary that charts the compelling journey of two Toronto high school show choirs as they battle one another at the National High School Glee Club Championships, won a Canadian Screen Award for Best Biography or Arts Program.

• TVO's North American premiere of *The Polar Sea* offered an unprecedented 10,000 km multi-media journey through the Northwest Passage to reveal a world that is being transformed by climate change.

• At the 2014 Hot Docs Canadian International Documentary Festival, *Out of Mind, Out of Sight* won Best Canadian Feature Documentary Award.

• TVO presented season three of the award-winning eco-adventure series *The Water Brothers*, providing Ontarians with insight into water and water-related issues.

• The 2014 Yorkton Film Festival awarded Golden Sheaf Awards to TVO documentaries: *Mugshot* for Best Arts and Culture Documentary, *Jingle Bell Rocks!* for Best of Festival Award and Emerging Filmmaker Award, and *Oil Sands Karaoke* for Best Science/Nature/Technology Documentary and Best Non-Fiction Director.

• TVO's Short Doc Contest attracted 127 submissions of five-minute documentaries with the theme "Never Stop Learning." The contest raises the visibility of Ontario talent, and inspires the next generation of filmmakers.

The Polar Sea

David & Me

Apocalypse: WWI

Unsung: Behind the Glee

Out of Mind, Out of Sight

The Water Brothers

"During my time inside that place, I never lost hope. My mission in life is to speak to young people about the importance of education."

–David McCallum of the documentary *David & Me*

TVO premiered a second season of the critically acclaimed medical drama series *Hard Rock Medical* on February 15. The mayor of Sudbury proclaimed the date "Hard Rock Medical Day."

"It's a relief to tell you about another medical drama that isn't ordinary or banal – one that's pithy, funny and inventive."

–John Doyle, from *The Globe and Mail*, reviewing *Hard Rock Medical*

3. Great Place to Work

TVO is committed to empowering its team to deliver on its strategy and thrive in an organization that embraces continual change, and is dedicated to developing a diverse workforce that reflects contemporary Ontario.

TVO is building a culture of learning. The organization is committed to developing staff knowledge through training and professional development opportunities to create leading-edge skills.

Our passion for learning is built into our values:

- Excellence & Innovation – Excellence is continually striving to achieve better while taking risks, experimenting and learning from each other; all to the benefit of the citizens of Ontario.
- Collaboration – Collaborative learning creates a momentum that helps us learn and achieve our goals.
- Ownership – We understand the importance of our individual efforts and are accountable for our own actions.
- Respect – Learning is built on a foundation of respect. We treat each other fairly and encourage diversity of ideas.
- Trust – We believe in and rely on ourselves and on each other.

Highlights:

• In 2014–2015, TVO team members achieved an average of 6.8 training and professional development days per person, surpassing the goal of five days per team member per year.

• TVO team members were offered training for the new financial system, job shadowing, lunch-and-learn sessions, and online training and tutorials, in addition to other opportunities to upgrade their skills.

• Internal communications are a priority at TVO with team members blogging via the "myTVO" intranet.

• TVO celebrates the achievements of team members with the Pass Around Award, the Super Citizen Award and Polkaroo Award to recognize those who exemplify the values of the organization.

• Utilizing a performance agreement process and review, TVO ensures everyone's efforts are focused and aligned to achieve corporate objectives.

• Regular updates on organizational strategy are shared with the entire team at All-TVO Meetings three times a year.

TVO's *Digital Media Training Program*, developed in partnership with OCAD University, won a national award for training excellence from the Canadian Society for Training and Development (CSTD).

The program took 37 TVO team members on an intensive three-month digital mastery program which included 150 hours of instruction with 25 courses, specifically developed to meet TVO's strategic needs and tailor-made to fit each individual's digital profile. The program helped to provide digital skills adaptable to a rapidly changing media environment.

CSTD commended TVO's OCAD training as "an innovative and ambitious program that outlines an efficient methodology to develop an organization-wide training initiative through clear learning objectives, research partnerships, innovative assessment and evaluation tools and cross-team participation."

Monkey See Monkey Do
GAMES
tvo

4. Strategic Growth

TVO undertook an ambitious number of key projects to support the organization's new plan.

During the second year of the five-year plan, TVO developed new products and platforms in digital education and current affairs, implemented product development processes, researched key revenue opportunities, and developed the brand in alignment with the plan.

Highlights:

- In order to provide a digital public space for the citizens of Ontario, TVO's website, **tvo.org**, is being redesigned.

- **TVOKids.com** was converted to a mobile-responsive site that features optimized digital learning tools to reach audiences on all hand-held devices with the best possible experience.

- A suite of new **digital learning math tools** that encourage the development of complex problem-solving skills for students in kindergarten through grade 6 is being developed.

- To support Ontario's educators, TVO developed and created **TeachOntario**, in partnership with Ontario's Ministry of Education and the Ontario Teachers' Federation and its affiliates. This new platform supports sharing, knowledge exchange and collaboration amongst Ontario's teachers.

- TVO conducted market analysis of the **ILC**'s course offerings and **Homework Help** in Canada and abroad with a view to exporting these services.

- TVO instituted a **product development framework** that is responsive to audiences and nimble in execution, and ensures continuous improvement to meet strategic objectives.

5. Financial Sustainability

Financial Controls

TVO continually examines its operations in search of efficiencies and to realize ongoing productivity gains. TVO remains fiscally responsible with controlled spending while still investing in the production and development of new content and new products. TVO's compound growth rate of expenses is less than one per cent over the past five years, which is under the rate of inflation.

Funding from the Government of Ontario translates to the price of a coffee and a donut per Ontarian every year.

Self-Generated Revenues

Self-generated revenues are fundamental to TVO's financial sustainability. TVO is a charity and relies on the support of donors and sponsors to fulfill its mandate and to alleviate pressure on government funding. The organization is dedicated to strengthening its relationship with corporate and community partners to expand its reach and deepen its impact across Ontario. Another important source of self-generated revenues is produced through the offering of the ILC's Ontario curriculum-based courses to both Ontarians and to international students. TVO also generates revenues from the rental of available space on its transmitter towers across Ontario to other broadcasters, and earns fees by providing tower maintenance services to these broadcasters.

Highlights:

• More than 33,000 Ontarians showed their support for TVO by making a financial contribution to our philanthropic programs. TVO's Producers' Club, the organization's monthly giving program, boasts 10,000 members.

• The bequest of $2.5 million from the estate of avid TVO fan Mr. Donald Pounder marked the single largest gift ever made by an individual to TVO. (See page 42 for the full story.)

• The annual TVO Tribute Gala has become a major fundraising event, raising almost half a million dollars since 2012. In 2014, TVO honoured two former TVO Chairs and CEOs, Isabel Bassett and Peter Herrndorf, and the important role they played in building TVO into a trusted source of educational content for Ontarians.

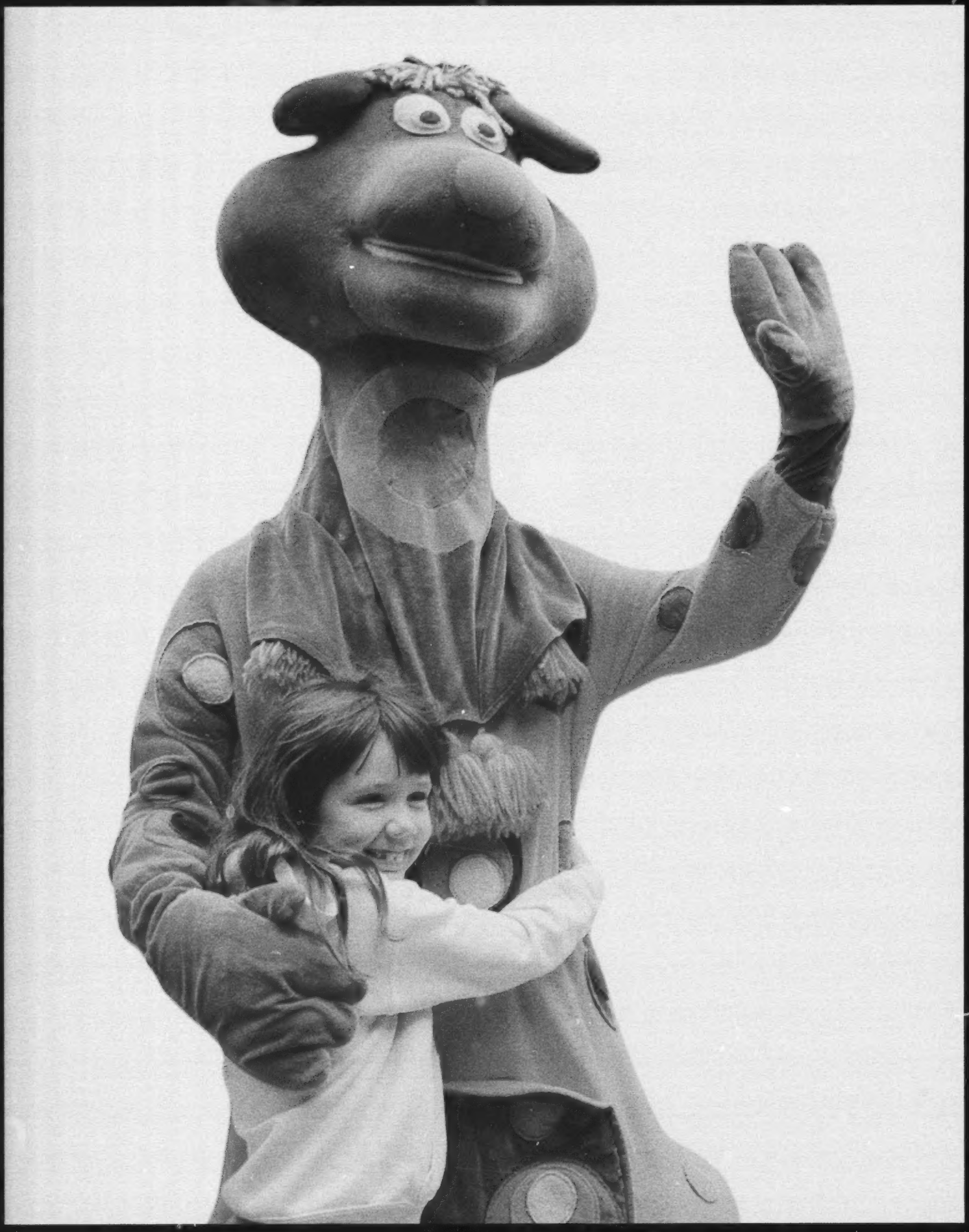
• Corporate partners, the Chartered Professional Accountants of Ontario (CPAO), TD Bank, RBC, Elections Ontario, Elgin County Railway Museum, KIDDE Canada, and Volunteer Canada renewed their sponsorship of TVO.

• TVO introduced new marketing of its Legacy Giving program to generate support through wills and bequests.

In the Community

In 2014–2015, TVO reached out to Ontario communities with more than 100 engaging experiences and events across the province.

- *Read with Ranger Kara* Tour, sponsored by TD Bank
- Canada Day in Waterloo
- TVO On The Road: North Bay, Barrie & Thunder Bay
- Janice Stein Tribute Event
- TVO Now: Queen's Park Event
- Word on the Street



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Read with Ranger Kara Tour

sponsored by TD Bank

Ranger Kara visited seven cities across Ontario from July 26 to November 9, 2014.

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Canada Day

in Waterloo

The TVOKids Canada Day Celebration in Waterloo attracted over 60,000 attendees on July 1, 2014.

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1–4– *Read with Ranger Kara* Tour pictured as Kara visits the London Public Library on November 1, 2014.

5–7– Celebrating Canada Day 2014 with live performances on the TVOKids Stage at the University of Waterloo.

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TVO On The Road:

North Bay, Barrie & Thunder Bay

TVO On The Road brings engaging dialogue to local communities with live presentations of *The Agenda with Steve Paikin*. This year, we visited North Bay, Barrie and Thunder Bay.

1, 2, 3, 6- TVO On The Road in North Bay on April 13, 2014, on location at Canadore College.

4–5- TVO On The Road in Thunder Bay on March 7–8, 2015, on location at the Thunder Bay Community Auditorium.

7–8- TVO On The Road in Barrie on January 18, 2015, on location at the Royal Victoria Regional Health Centre.

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Janice Stein
Tribute Event

TVO celebrated the many accomplishments of its long-time foreign affairs analyst and highly esteemed contributor, Janice Stein, on November 27, 2014.

TVO Now:
Queen's Park Event

On February 25, 2015, TVO visited Queen's Park to showcase the latest in innovation and digital learning.

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1- Janice Stein.

2- Steve Paikin with Janice Stein.

3- Steve Paikin; Lisa de Wilde, TVO's Chief Executive Officer; Janice Stein; Dan Dunsky, Executive Producer of *The Agenda with Steve Paikin*; and Peter O'Brian, TVO's Chair of the Board of Directors, at the Janice Stein tribute event on November 27, 2014, in TVO's studios.

4- Polkaroo and Mitzie Hunter, MPP for Scarborough–Guildwood, at the TVO Now event.

5- The Hon. Liz Sandals and Lisa de Wilde at the TVO Now event held at Queen's Park on February 25, 2015.

6- Elementary school teacher Maureen Asselin and TVO's Vice President, Digital Education, Karen Grose demonstrate the new website TeachOntario to the Hon. Liz Sandals at the TVO Now event.

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Word on the Street

On September 21, 2014, we ignited a love of learning and reading at the TVOKids stage at Word on the Street.

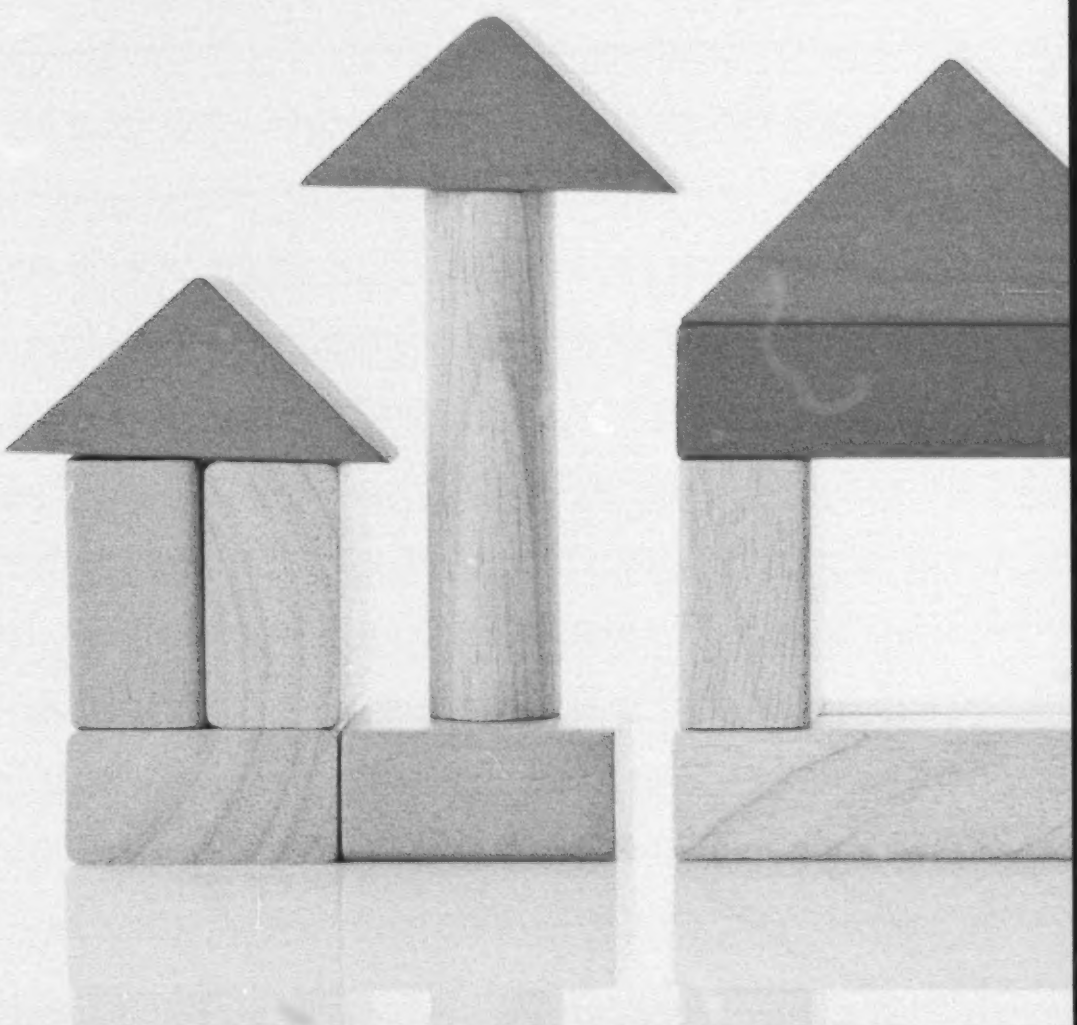
1- Premier Kathleen Wynne on stage reading the book *Gifts* at Word on the Street.

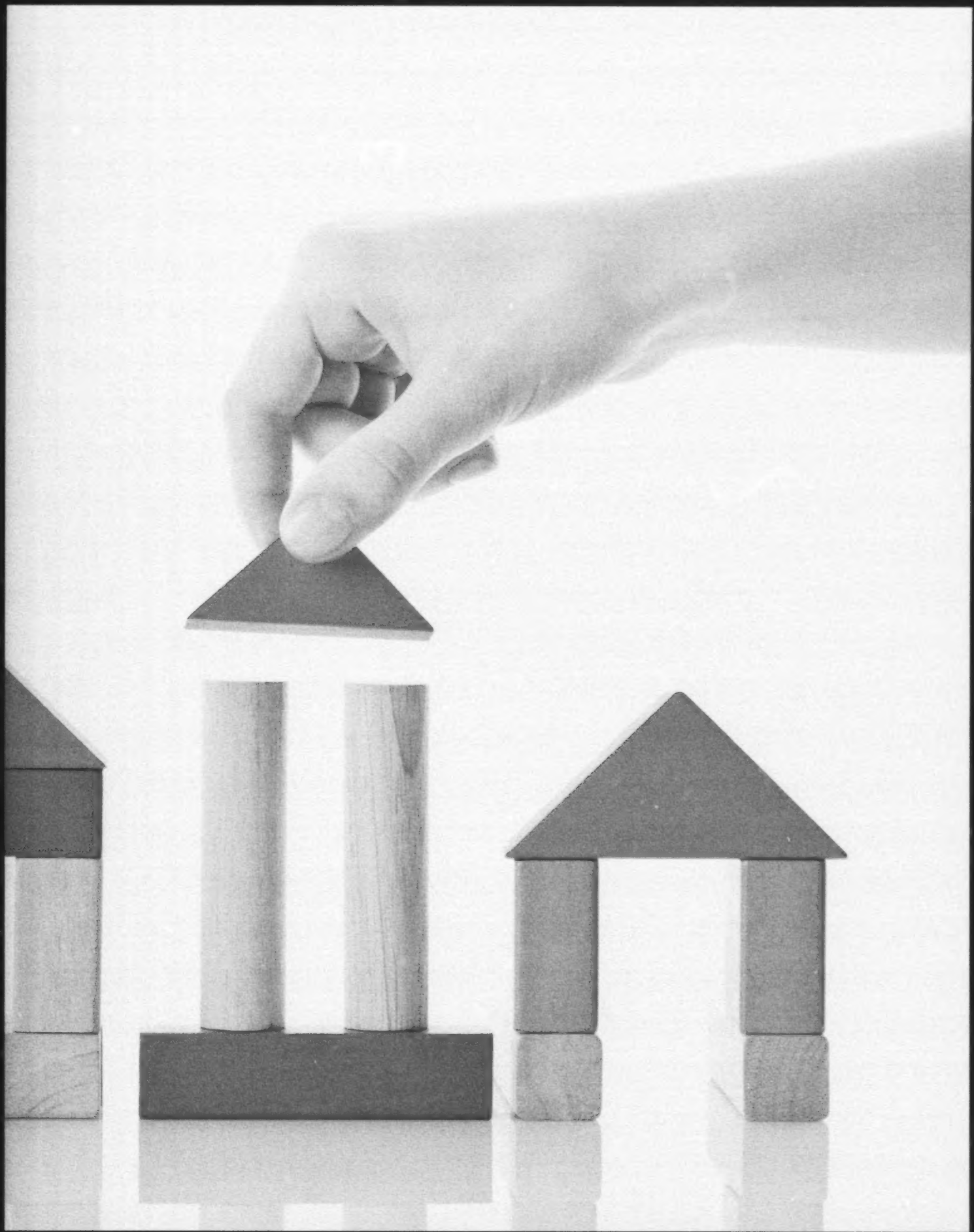
2- TVOKids host Kara, TVOKids host Daniel, Premier Kathleen Wynne, TVOKids host Melissa, TVOKids host Gisèle, and TVO's Chief Executive Officer Lisa de Wilde pictured at Word on the Street.

3-6- Enthusiastic audience members at Word on the Street.

Supporting TVO

- TVO Tribute Gala
- A Transformative Legacy Gift
- TVO and RBC Committed to Children's Mental Health
- Thank You





TVO
Tribute Gala

On November 6, 2014, the third annual TVO Tribute Gala honoured two of TVO's former TVO Chair/CEOs, Isabel Bassett and Peter Herrndorf, and the important role they played in building TVO into a trusted source of educational content for Ontarians.

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1- Honoree and former TVO Chair and CEO Isabel Bassett at the TVO Tribute Gala.

2- Premier Kathleen Wynne and Isabel Bassett.

3- Polkaroo.

4- TVO CEO Lisa de Wilde, Hon. Liz Sandals and TVO's Chair of the Board of Directors Peter O'Brian.

5- Steve Paikin; Premier Kathleen Wynne; honoree and former TVO Chair and CEO Isabel Bassett; TVO's Chief Executive Officer Lisa de Wilde; honoree and former TVO Chair and CEO Peter Herrndorf; and TVO's Chair of the Board of Directors Peter O'Brian.

6- Peter Herrndorf.

7- TVO Board Member and Gala Co-Chair Kristin Morch and guest Ron DiFrancesco.

8- Guests, (back row) Dr. Kojo Lamptey; Arakua Lamptey; Pradeep Sood; TVO Board Member Geetu Pathak; (front row) Kojo La-Anyane; TVO Board Member Dr. Nana Barnor; TVO Board Member and Gala Co-Chair Gary Comerford; and Kathy Comerford.

9- *The Wexford Gleeks* (as featured in TVO-commissioned documentary *Unsung: Behind the Glee*) perform the national anthem.

10-Gala emcee Steve Paikin.

11- Eva Szigler, Rick Mercer, Peter Herrndorf, and Gerald Lunz.

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A Transformative Legacy Gift

TVO is both honoured and grateful to have received a donation in the amount of $2.5 million through the generosity of an avid TVO fan, Mr. Donald Pounder. Mr. Pounder's donation is the single largest gift ever made by an individual to TVO.

Mr. Pounder was a passionate TVO viewer of *The Agenda with Steve Paikin* – he enjoyed telling people that *The Agenda* and Steve were like family to him, especially in the later years of his life. In keeping with Mr. Pounder's wishes, 25 per cent of his bequest will be directed toward *The Agenda* – the program that he cared so deeply about. This transformative gift will also allow us to practice innovation, test new educational products that support digital learning, and engage the citizens of Ontario.

Mr. Pounder was a graduate of the University of Toronto, and held a master's degree in mathematics from the Illinois Institute of Technology. He applied his academic training to a varied career that took him to Avro Canada and IBM. His interests included gliding and music history, and he was an active member of the Canadian Amateur Musicians of Canada.

TVO and RBC Committed to Children's Mental Health

Last year TVO was a proud recipient of a $50,000 grant from the RBC Foundation as part of RBC's Children's Mental Health Project. The grant is being used towards *TVOKids HelpZone* and *It Matters* – two TVOKids programs that align with RBC's promise to help keep kids healthy inside and out, and with the Ministry of Education's priority of promoting student well-being.

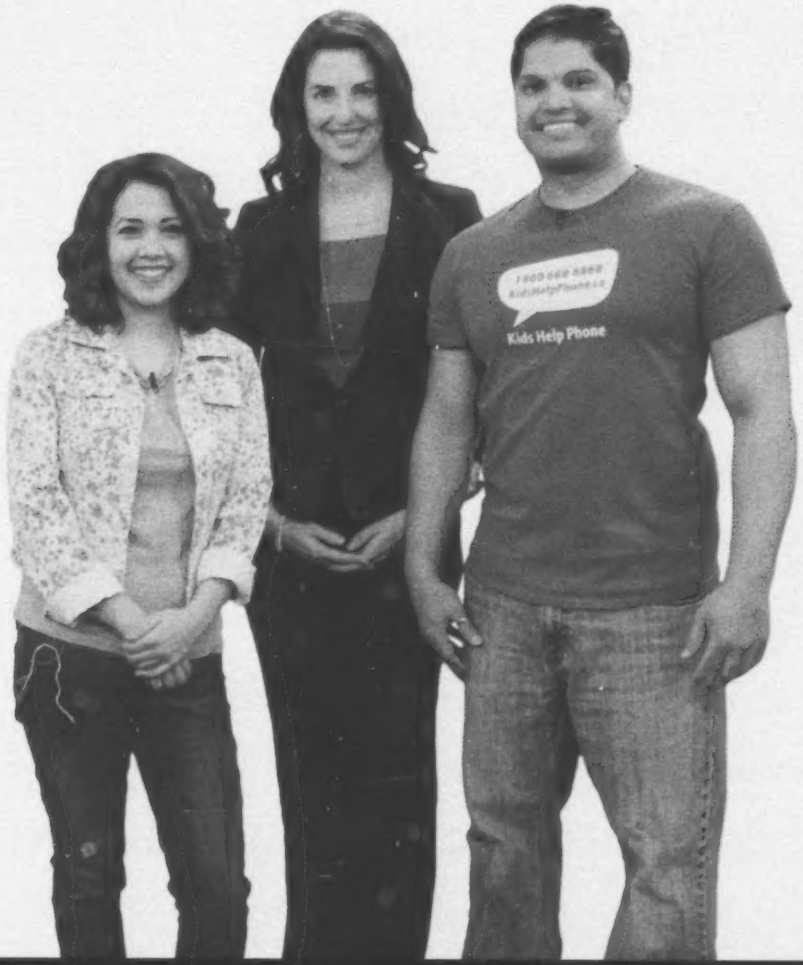
Programs like *TVOKids HelpZone* and the companion series *It Matters* demonstrate TVO's investment in children's mental health and support of the Ministry's focus on promoting well-being. TVO is dedicated to helping empower our younger citizens by supporting their emotional development, giving them a voice and helping them achieve success.

"One out of every five North American children suffers from a mental health problem," says Gayle Corcoran, Director of Community and Cultural Marketing at the RBC Foundation. "Our involvement with *TVOKids HelpZone* and *It Matters* helps us to make a difference by funding programs that focus on early intervention, reducing stigma and increasing public awareness."

"We are immensely grateful to the RBC Foundation for their generous support," says Karen Grose, Vice President of Digital Education at TVO. "Good mental health in kids is a cornerstone of successful learning, and TVOKids is committed to initiatives that support discussion and education around this important issue."

TVO can only continue to deliver this unique type of programming thanks to the generosity of our donors and dedicated partners like the RBC Foundation.

RBC Financial Group



TVOKids host Kara, Regional Vice President at RBC Christina Dorey-Grey, and Counsellor Duane.

Thank You

In 2014–2015, tens of thousands of generous supporters made the decision to contribute to TVO. Individuals, families, foundations and corporations; one-time donors, monthly donors, long-time supporters and new friends; the young and the young at heart have all given generously. We are grateful for every contribution.

Leadership Giving Circle

Platinum $25,000–$100,000

RBC Foundation

Stephen Smith and Diane Blake

Gold $15,000–$24,999

Anonymous

The MacMillan Family Foundation

The McLean Foundation

PACE Credit Union

Silver $5,000–$14,499

Anonymous (2)

Aqueduct Foundation – John & Sheila Price Family Fund

James and Alix Arnett

Isabel Bassett, former Chair and CEO, TVO

Paul Brehl and Ann Lawson-Brehl

Cisco Systems Canada Co.

Lisa de Wilde, Chief Executive Officer, TVO

Catherine A. Delaney

Delaney Capital Management

Glencore Canada Corporation

Gravitas Financial Inc.

David and Mariella Holmes

Jackman Foundation

JAZZ.FM91

Toby Jenkins

M. K. Kennedy

Eric and Dana Margolis

Trina McQueen

National Arts Centre

Navigator Ltd.

Peter O'Brian, Chair of the Board of Directors, TVO

Ontario Home Builders' Association

Pace Family Foundation

Rachelle Bronfman Endowment Fund at the Jewish Foundation of Greater Toronto

RBC

Edward and Elizabeth Richardson

The Ralph M. Barford Foundation

The Barrett Family Foundation

The Murray Frum Foundation

The Norman and Margaret Jewison Charitable Foundation

Torstar Corporation

Bronze $1,000–4,999

Aird and Berlis LLP

Bruce and Andrea Alexander

Michael C. Allen

Anonymous (10)

Diane Arthur

Robert and Wendy Atkinson

Rick Baranick

William Barnett

Dr. Nana Barnor

Bay Tree Foundation

J. Bergevin-Vollebekk

Joan Besen

Maureen Blair-Leighton

Joan Boswell

Thomas Bunker

Stephen Chan

Barbara and Paul Clifford

Mitchell Cohen

Gary Comerford

Robert Crandall

Kari Cullen

George and Wendy Cuthbert

Michael Decter

Henry Dinsdale

Todd Edgar

Julia Foster

Hugh Furneaux

Regina Gardonio

Bruce Gill

Gill Ratcliffe Foundation

Dr. Noelle Grace

John and Judith Grant

Dorothy Grasett

Barry Green

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Doug Harrison

Ernie and Rivette Herzig

April and Norbert Hoeller

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Mildred Jackson

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Alan Kapler

Dr. Elaine Keillor

Diane Kelly

Ken Snider and Deborah Leibow

Margaret Kinghorn

Maureen Krolman

Ken and Helen Lister

Sylvia Lowry

Joe Martin

Martha McDonald

Gwen Milton

Monday Night At The Movies

John Motz

Marnie Paikin

Lindsey Pardys

Don Plewes and Charlotte Danard

Guy and Mary Pratte

Harold Redekopp

Brian and Jo Robertson

Elaine Solway

Lionel Strange

Janice L. Sutton

Martin Taylor

Scott and Erin Taylor

Wally Teska

Jennifer Tory

Richard and Jean Van Loon

Anju Virmani

Terrance Wapshall

Renee and Michael Welling

Peter Webb and Joan York

Helga Wyler

Legacy Donors

The Estate of Frances Eastman

The Estate of Donald Williamson Pounder

The Estate of Sharon Lynn Thibodeau

The Estate of John Gilbert West

Corporate Sponsors

Chartered Professional Accountants of Ontario

Elections Ontario

Elgin County Railway Museum

KIDDE Canada

Manulife

RBC

TD Bank

Volunteer Canada

In-Kind Sponsors

Think-Cell Software

Tom's Place

Team

- Board of Directors
- Regional Councillors Advisory Board
- Executive Management Committee
- Unifor and CMG

Board of Directors

TVO's Board of Directors governs the activities of the organization's executive management while ensuring value for all Ontarians.

Peter O'Brian

President, Independent Pictures Inc. (Toronto)

Chair of the Board; Member, Governance Committee and Audit Committee

First term:	Nov. 1, 2005 – Oct. 31, 2008
Second term:	Nov. 1, 2008 – Oct. 31, 2011
Third term:	Nov. 1, 2011 – Oct. 31, 2012
Fourth term:	Nov. 1, 2012 – Oct. 31, 2014
Fifth term:	Nov. 1, 2014 – Oct. 31, 2016

Diane Kelly

Retired, former General Counsel, Queen's University (Kingston)

Vice-Chair of the Board, Governance Committee Chair

First term:	May 30, 2007 – May 29, 2010
Second term:	May 30, 2010 – May 29, 2013
Third term:	May 30, 2013 – May 30, 2016

Dr. Nana Barnor

Pediatrician, Humber River Regional Hospital (Toronto)

Member, Governance Committee

First term:	Aug. 12, 2009 – Aug. 11, 2012
Second term:	Aug. 12, 2012 – Aug. 11, 2014
Third term:	Aug. 12, 2014 – Aug. 11, 2016

Gary Comerford

President & CEO, CMC Global (Oakville)

Member, Audit Committee

First term:	June 19, 2013 – June 18, 2016

Toby Jenkins

President, Columbia Lake Development (Waterloo)

Member, Audit Committee

First term:	June 20, 2012 – June 19, 2015

Jim Marchbank

Retired, former CEO, Science North (Sudbury)

Member, Governance Committee

First term:	May 30, 2012 – May 29, 2015
Second term:	May 30, 2015 – May 29, 2018

Kristin Morch, LLB

Member, Governance Committee (Toronto)

First term:	June 19, 2013 – June 18, 2016

Geetu Pathak

Business Executive (Toronto)

Member, Audit Committee Chair

First term:	May 3, 2010 – May 2, 2013
Second term:	May 3, 2013 – May 2, 2016

Mark Wakefield, CA

Member, Audit Committee (Markham)

First term:	June 19, 2013 – June 18, 2016

The total honorarium paid to the Board in 2014–2015 was $24,163, including the part-time Chair. This amount is based on levels of remuneration set by the Lieutenant Governor in Council.

Regional Councillors Advisory Board

Committed individuals from 28 communities across Ontario form TVO's volunteer advisory board who provide valued input and contribution to the organization's outreach efforts.

David Allen, Etobicoke
Steve Andrusiak, London
Lesley Bell, Thunder Bay
Jorge Campos, Willowdale
Jae Chong, Richmond Hill
Keith Clingen, Martintown
Susan Code McDougall, Perth
Tony Gaspar, Manitouwadge
Carol Gottlob, Burlington
Colette Grant, Rockland
Lori Guillemette, Dunchurch
David Holmes, Oakville
Thando Hyman, Scarborough
Sona Khanna, Oakville
Janis Lamothe, Manitouwadge
Devon MacKinnon Ottertail, Dryden
Rick McCutcheon, Little Current
Lise Moore Asselin, Mattawa
Tamara Needham, Marathon
Christina Noël-Blazecka, Cochrane
Upali Obeyesekere, Toronto
Monika Osinska, Toronto
Kim Pirie-Milko, Keewatin
Trevor Pross, Belleville
Becky Rogers, Peterborough
Christopher Rous, Sault Ste. Marie
Margaret Sedgwick, Fort Frances
Stewart Wayne Sinclair, Chatham
Marc St. Germain, Ottawa
John Storm, St. Catharines
Pam Wolf, Cambridge
Greg York, Toronto

Executive Management Committee

TVO's Executive Management Committee leads the team in delivering excellence in all that we do.

Lisa de Wilde, Chief Executive Officer
Clara Arnold, Vice President, Talent & Engagement
Paul Dancy, Vice President, Finance & Legal
Gerard Doyle, Vice President, Revenue & Product Development
John Ferri, Vice President, Current Affairs & Documentaries
Karen Grose, Vice President, Digital Education
Erika Kramer, Vice President, Production, Distribution & Administration
Todd Slivinskas, Chief Technology Officer
Andrew Steele, Vice President, Strategy, Marketing & Communications

UNIFOR Local 72M

Canadian Media Guild
La Guilde canadienne des médias
CWA/SCA CANADA

Audited Financial Statements 2014–2015

- Management's Responsibility for Financial Statements
- Independent Auditor's Report
- Statement of Financial Position
- Statement of Operations
- Statement of Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements

Management's Responsibility for Financial Statements

The accompanying financial statements of the Ontario Educational Communications Authority have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 24, 2015.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Internal Audit Department independently evaluates the effectiveness of these internal controls on a periodic basis and reports its findings to management and to the Board of Directors.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board reviews and approves the financial statements. The Audit Committee of the Board meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

On behalf of Management:

Lisa de Wilde
Chief Executive Officer

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Ontario Educational Communications Authority
and to the Minister of Education

I have audited the accompanying financial statements of the Ontario Educational Communications Authority, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Educational Communications Authority as at March 31, 2015 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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416-327-2381
télécopieur 416-326-3812

www.auditor.on.ca

Toronto, Ontario
June 24, 2015

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Financial Statements

Statement of Financial Position

As of March 31, 2015

($000s)	2015	2014
Assets		
Current Assets		
Cash and cash equivalents (note 3)	23,696	20,482
Accounts receivable (note 3)	1,410	2,326
Prepaid expenses	1,043	671
Inventories	148	143
	26,297	**23,622**
Broadcast rights and production costs (note 7)	**21,062**	**19,926**
Investments held for Capital Renewal (note 5)	**5,268**	**5,271**
Net Capital Assets (note 6)	**11,067**	**12,458**
Total Assets	**63,694**	**61,277**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	10,417	8,978
Deferred revenue (note 8)	3,572	2,414
	13,989	**11,392**
Deferred capital contributions (note 9)	9,283	10,868
Employee future benefits (note 4)	20,473	20,520
Asset retirement obligation (note 6)	180	173
	29,936	**31,561**
Net Assets		
Invested in broadcast rights and production costs	21,061	19,924
Invested in capital assets	6,872	6,668
Internally restricted (note 13)	1,916	1,821
Unrestricted	(10,080)	(10,089)
	19,769	**18,324**
Total Liabilities and Net Assets	**63,694**	**61,277**

Commitments and Contingencies (notes 15 and 17)
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair **Director**

Financial Statements

Statement of Operations

For the year ended March 31, 2015

($000s)	2015	2014
Revenues		
Government operating grants (note 10)	40,046	40,046
Independent Learning Centre (note 16)	12,749	13,188
Other earned revenue (note 12)	7,279	7,476
Bequest (note 13)	95	1,821
Government and corporate project funding (note 11)	117	189
Amortization of deferred capital contributions (note 9)	1,657	1,813
	61,943	**64,533**
Expenses		
Content and programming	18,233	18,451
Technical and production support services	15,297	12,731
Independent Learning Centre (note 16)	10,977	11,390
Management and general expenses	7,114	6,475
Cost of other earned revenue (note 12)	2,444	2,550
Amortization of capital assets and accretion expense (note 6)	3,611	3,530
Employee future benefits (note 4)	2,822	3,769
	60,498	**58,896**
Excess of revenues over expenses	**1,445**	**5,637**

See accompanying Notes to Financial Statements

Financial Statements

Statement of Changes in Net Assets

For the year ended March 31, 2015

($000s)	2015				
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Internally Restricted** (note 13)	**Unrestricted**	**Total**
Balance, beginning of year	**19,924**	**6,668**	**1,821**	**(10,089)**	**18,324**
Excess/(deficiency) of revenues over expenses	(6,836)	(2,246)	-	10,527	1,445
Invested in assets during the year	7,973	2,450	-	(10,423)	-
Interfund transfers (note 13)	-	-	95	(95)	-
Balance, end of year	**21,061**	**6,872**	**1,916**	**(10,080)**	**19,769**

($000s)	2014				
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Internally Restricted**	**Unrestricted**	**Total**
Balance, beginning of year	**18,233**	**6,242**	**-**	**(11,788)**	**12,687**
Excess/(deficiency) of revenues over expenses	(6,543)	(1,720)	-	13,900	5,637
Invested in assets during the year	8,234	2,146	-	(10,380)	-
Interfund transfers (note 13)	-	-	1,821	(1,821)	-
Balance, end of year	**19,924**	**6,668**	**1,821**	**(10,089)**	**18,324**

See accompanying Notes to Financial Statements

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Statement of Cash Flows

For the year ended March 31, 2015

($000s)	2015	2014
Operating Activities		
Excess of revenues over expenses	1,445	5,637
Add/(deduct) non-cash items:		
Amortization of capital assets	3,604	3,725
Drawdown of asset retirement obligation	7	(195)
Amortization of deferred capital contributions	(1,657)	(1,813)
Amortization of broadcast rights and production costs	6,837	6,544
Employee future benefits	(47)	923
Loss on disposal of capital assets	291	3
Net changes in non-cash working capital:		
Accounts receivable	916	(1,215)
Inventories	(5)	5
Prepaid expenses	(372)	(22)
Deferred revenue	1,158	391
Accounts payable and accrued liabilities	1,439	(1,170)
Cash provided by operating activities	**13,616**	**12,813**
Capital transactions		
Broadcast rights additions	(7,973)	(8,234)
Proceeds from disposal of capital assets	3	11
Capital asset additions	(2,507)	(2,389)
Cash applied to capital transactions	**(10,477)**	**(10,612)**
Investing and financing transactions		
Current year's deferred capital contributions	75	258
Cash provided by investing and financing activities	**75**	**258**
Net increase in cash position during the year	**3,214**	**2,459**
Cash and cash equivalents, beginning of year	**20,482**	**18,023**
Cash and cash equivalents, end of year	**23,696**	**20,482**

See accompanying Notes to Financial Statements

Financial Statements

1. AUTHORITY AND MANDATE

The Ontario Educational Communications Authority (the "Authority") is a Crown Corporation of the Province of Ontario that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields. The Authority is licensed by the Canadian Radio-television and Telecommunications Commission ("CRTC") to broadcast English-language educational television programs. The broadcasting licence is subject to renewal by the CRTC and the current licence is for the period September 1, 2008 to August 31, 2015.

The Authority is a registered charitable organization which may issue income tax receipts for contributions. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

(b) Inventories held for consumption

Inventories held for consumption, consisting of maintenance supplies and media tapes, are valued at cost where cost is determined on a first-in-first-out basis, net of an allowance for obsolescence.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Capital Assets	
Building	30 years
Transmitters	17 years
Transmitter Monitoring Equipment	7 years
In House Technical Equipment	7 years
Leasehold Improvements	5 years
Computer Equipment	5 years
Office Furniture and Fixtures	15 years
Office Equipment	10 years
Vehicles	5 years
Computer Software	3-5 years
ARO (Asset Retirement Obligation) Transmitters	17 years

The Authority reviews the carrying amounts of its capital assets on an annual basis. When a capital asset no longer has any long-term service potential, the Authority will recognize an expense (write-down) equal to the excess of its net carrying amount over any residual value.

Financial Statements

(d) Revenue Recognition

1. The Authority follows the deferral method of accounting for grants and contributions whereby restricted grants, contributions and bequests are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants, contributions and bequests are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period of use as the related capital asset.

3. Revenue from the licensing of program material is recognized when the program material is delivered.

4. Individual donations are recorded on a cash basis. Contributions from corporate sponsors are recognized equally over the period the sponsorship program is delivered by the Authority.

5. Revenue from sponsorship is recognized when the content is broadcast or webcast.

6. Student fees for courses offered by the Independent Learning Centre (ILC) are recognized as revenue at the time of enrolment. Registration fees for General Education Development (GED) are recognized at the time the test is taken by the registrants.

(e) Employee Future Benefits

The Authority accrues its obligations under employee defined benefit pension plans and the related costs, net of plan assets. The following policies have been adopted:

1. The cost of pension benefits and other post-retirement benefits is determined by independent actuaries based on management's best estimate assumptions using the projected benefits method prorated on service.

2. Past service costs and any transitional asset or obligation are amortized over the expected average remaining service period of active plan members.

3. Actuarial gains/(losses) are recognized and amortized over the expected average remaining service period of active plan members.

4. The expected return on plan assets is based on the fair value of plan assets.

(f) Broadcast Rights and Production Costs

Broadcast rights and production costs are accounted for as follows:

- Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.

- All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the following periods:

    - Program licence acquired: term of contract
    - Program produced by the Authority: four years

Financial Statements

(g) Financial Instruments

The Authority's financial instruments are accounted for as follows:

- Cash and short-term investments, including those held for capital renewal, are measured at amortized cost.
- Accounts receivable are stated at amortized cost.
- Accounts payable and accrued liabilities are stated at cost.

(h) Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligations are initially measured at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. The Authority recognizes a liability for future decommissioning of its transmitter facilities.

(i) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include retirement benefit obligations and useful life of capital assets and broadcast rights. Actual results could differ from those estimates.

(j) Prepaid Expenses

Prepaid expenses include, property tax, cleaning, hydro, software support and other prepaids and are charged to expense over the period the Authority is expected to benefit from the expenditure.

(k) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

3. FINANCIAL INSTRUMENTS

Cash and cash equivalents

The Authority's cash equivalents consist of short-term, high-grade Canadian dollar investments. These investments mature within 365 days and had an average yield of 1.5% (2014 – 1.6%).

Accounts receivable

($000s)	2015	2014
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	437	1,492
HST rebate	673	784
Others	300	50
	1,410	**2,326**

Operating line of credit

As part of its financial arrangements, the Authority negotiated a demand revolving line of credit with CIBC. The maximum available credit under the facility is $1.0 million (2014 – $1.0 million). The line of credit is unsecured and bears interest at the bank's prime lending rate. As at March 31, 2015, no amount (2014 – $0) was outstanding under the facility.

Risk disclosures

(a) Liquidity risk:

Liquidity risk is the risk that the Authority will not be able to meet its cash flow obligations as they fall due. The Authority manages its liquidity risk by monitoring its operating requirements and prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. It is management's opinion that the Authority is not exposed to significant liquidity risk.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk arising from its accounts receivable. Given the amount of the Authority's accounts receivable and past experience regarding payments, management believes that the Authority is not exposed to significant credit risk.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the short-term nature of the Authority's financial instruments, their carrying value approximates fair value and as a result management believes that the Authority is not exposed to significant interest rate risk.

(d) Foreign currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority maintains a U.S. dollar bank account. Its balance was not large enough at any time during the year to expose the Authority to significant currency risks.

It is management's opinion that the Authority is not exposed to significant liquidity, credit, interest rate or currency risk.

4. EMPLOYEE FUTURE BENEFITS

The pension and other post-employment benefit plans have the following components:

(a) Registered pension plans:

- Main Pension Plan – Most employees of the Authority are members of this plan, which consists of three elements – a non-contributory, defined benefit, best average earnings and years of service element; a contributory, defined contribution element; and a non-contributory, defined contribution element.

- Executive Pension Plan – Executives are members of this non-contributory, defined benefit, best average earnings and years of service plan.

(b) Supplementary retirement plan:

- Certain employees are members of this unregistered and non-contributory plan which funds the portion of pension entitlements in excess of the maximum allowed for registered pension plans under the federal Income Tax Act.

The employee future benefits payable under the defined benefit plans are adjusted for inflation based on the consumer price index up to a maximum of 3% per year.

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(c) Post-employment benefits plan:

- The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis.

The most recent actuarial valuation for funding purposes of the registered defined benefit pension plans was as of January 1, 2014. The next valuation for funding purposes is no later than as of January 1, 2017.

Information about the Authority's pension and other benefit plans is presented in the following table.

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan		Total	
($000s)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Plan deficit as of January 1:								
Accrued benefit obligation	96,002	95,612	1,237	953	13,181	11,102	110,420	107,667
Fair value of plan assets	(95,908)	(93,146)	-	-	-	-	(95,908)	(93,146)
	94	2,466	1,237	953	13,181	11,102	14,512	14,521
Balance of unamortized actuarial gains as of January 1	5,551	3,125	243	348	817	3,149	6,611	6,622
Contributions – Jan 1 to Mar 31	(546)	(538)	-	-	(104)	(85)	(650)	(623)
Employee future benefits Liability as at March 31	**5,099**	**5,053**	**1,480**	**1,301**	**13,894**	**14,166**	**20,473**	**20,520**

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan		Total	
($000s)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Expenses for the year:								
Defined benefit plan:								
Service cost (employer portion)	2,170	2,214	165	166	312	345	2,647	2,725
Amortization of actuarial (gains)/losses	(262)	25	(36)	(8)	(263)	(184)	(561)	(167)
Interest cost on accrued benefit obligation	5,681	5,282	50	45	505	435	6,236	5,762
Expected return on plan assets	(5,464)	(4,905)	-	-	-	-	(5,464)	(4,905)
Plan amendment costs incurred	-	-	-	-	(409)	-	(409)	-
Total defined benefit expense	2,125	2,616	179	203	145	596	2,449	3,415
Defined contribution plan	373	354	-	-	-	-	373	354
Total expenses	**2,498**	**2,970**	**179**	**203**	**145**	**596**	**2,822**	**3,769**
Contributions made to the plans:								
Pension plan contributions - Authority	2,452	2,462	-	44	-	-	2,452	2,506
Pension plan contributions - employees	885	873	-	-	-	-	885	873
Payments made from all the plans as of January 1:								
Pension benefits paid	4,703	4,693	-	-	-	-	4,703	4,693
Termination benefits paid	2,979	3,222	-	-	-	-	2,979	3,222

The significant assumptions adopted in measuring the employee benefit obligations and pension expenses are as follows:

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
	2015	2014	2015	2014	2015	2014
Discount rate to determine the accrued benefit obligation	5.75% to 6.00%	6.00%	3.40%	4.50%	3.40%	4.50%
Discount rate to determine the benefit cost	5.75% to 6.00%	6.00%	3.40%	3.70%	3.40%	3.70%
Investment return	5.75%	6.00%	N/A	N/A	N/A	N/A
Pension indexation	2.25%	2.50%	2.25%	2.50%	N/A	N/A
Salary rate increase	2.00% yr 1, 2.50% thereafter	3.50%	2.00% yr 1, 2.50% thereafter	3.50%	N/A	N/A
Drug cost rate increase	N/A	N/A	N/A	N/A	8.00%	8.00%
Health cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime (years)	11	11	11	10	12	12

The drug cost rate increase assumption is expected to decrease to 4.5% by 2023.

Defined benefit plan assets as at January 1 measurement date consisted of:

	Percentage of Total Fair Value of Plan Assets	
	2014	2013
Asset category		
Equity securities	54%	56%
Debt securities	41%	39%
Real estate fund	5%	5%

The actual investment return on pension plan assets was 7.6% in 2015 (2014 – 16.1%).

5. INVESTMENTS HELD FOR CAPITAL RENEWAL

To ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed, the Capital Renewal Fund was established in 1984. Up to fiscal 2008/09, the Authority set aside up to 2% of the funding received as contribution to the Capital Renewal Fund. Available funds are invested in short-term deposits maturing within 365 days that earned an average interest rate of 1.3% (2014 – 1.4%) during the fiscal year. The changes in the fund are as follows:

($000s)	2015	2014
Balance, beginning of year	5,271	5,642
Project expenses – Digital Over The Air	(75)	(446)
Interest earned	72	75
	5,268	**5,271**

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6. CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

Capital assets consist of the following:

($000s)	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	186	-	186	186	-	186
Buildings	2,268	2,163	105	2,268	2,136	132
Transmitters	10,900	8,072	2,828	11,438	8,340	3,098
Transmitter monitoring equipment	3,113	2,567	546	3,102	2,432	670
In house technical equipment	22,618	19,987	2,631	22,136	18,107	4,029
Leasehold improvements	8,780	8,476	304	8,507	8,448	59
Computer equipment	5,769	4,458	1,311	5,931	4,290	1,641
Office furniture and fixtures	2,060	1,216	844	1,937	1,100	837
Office equipment	975	936	39	975	923	52
Vehicles	341	317	24	364	309	55
Computer software	4,018	1,880	2,138	2,884	1,304	1,580
ARO transmitters	557	446	111	557	438	119
Total	**61,585**	**50,518**	**11,067**	**60,285**	**47,827**	**12,458**

Amortization expense for the year was $3,604,000 (2014 – $3,725,000) and is included in Amortization of capital assets and accretion expense in the Statement of Operations.

Asset Retirement Obligation

The Authority recognized a liability for future decommissioning of its transmitter facilities which was required under their respective leases. In determining the fair value of its asset retirement obligations, the Authority discounted the associated cash flows at credit-adjusted risk free rates. The total undiscounted amount of the estimated future obligations is $316,000 (2014 – $316,000).

($000s)	2015	2014
Opening balance	173	368
Accretion expense	7	7
Retirement of low power repeat transmitters	-	(202)
Closing balance	**180**	**173**

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7. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

($000s)	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Broadcast rights and completed productions	51,357	33,213	18,144	43,203	26,375	16,828
Work in progress	2,918	-	2,918	3,098	-	3,098
	54,275	**33,213**	**21,062**	**46,301**	**26,375**	**19,926**

Amortization expense for the year was $6,837,000 (2014 – $6,544,000) and is included in Content and Programming expense.

8. DEFERRED REVENUE

($000s)	2015	2014
ILC – Ministry of Education grant and provincial project funding (note 16)	1,752	1,534
AODA (Accessibility for Ontarians with Disabilities Act) project funding (note 11)	884	-
Bequest (note 13)	639	607
Transmitter tower rental and maintenance	172	135
Sponsorship revenue	100	83
Corporate project funding (note 11)	1	2
Other	24	53
	3,572	**2,414**

Expenditures related to the above deferrals, except for the bequest, have been budgeted for the 2016 fiscal year.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue (amortization of deferred capital contributions) in the Statement of Operations when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

($000s)	2015	2014
Deferred capital contributions, beginning of year	**10,868**	**12,794**
Capital assets funded by Ministry of Education grant		
Digital Over The Air project	75	258
Project funding deferred to next year		
Project funding – Digital Over The Air project (note 11)	-	75
Project funding deferred from prior year	(75)	(521)
Interest earned	72	75
Amortization of deferred capital contributions to revenue	(1,657)	(1,813)
Deferred capital contributions, end of year	**9,283**	**10,868**

The Canadian Radio-television and Telecommunications Commission (CRTC) required local television stations in certain areas to stop broadcasting in analog and start broadcasting in digital by August 31, 2011. The Authority received a total grant from the Ministry of Education in 2011 and 2012 of $4.5 million to convert its transmitters into digital and decommission those medium/high power analog transmitter sites that were not required in the ongoing broadcast operation.

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10. GOVERNMENT OPERATING GRANTS

($000s)	2015	2014
Ontario Ministry of Education		
Base grant	38,446	38,446
Capital maintenance grant	1,600	1,600
	40,046	**40,046**

11. GOVERNMENT AND CORPORATE PROJECT FUNDING

($000s)	2015	2014
Provincial project funding		
Ministry of Education		
AODA funding	1,000	-
AODA – Funding deferred to future year	(884)	-
Digital Over The Air – Funding deferred from prior year (to future year) (note 9)	75	(75)
Deferred capital contributions	(75)	263
	116	**188**
Corporate project funding		
Funding deferred from prior year (note 8)	2	3
Funding deferred to future year (note 8)	(1)	(2)
	1	**1**
Total government and corporate project funding	**117**	**189**

12. OTHER EARNED REVENUE AND COST

($000s)	2015			2014		
	Revenue	Cost	Net Revenue	Revenue	Cost	Net Revenue
Individual and corporate donations	5,101	2,444	2,657	5,448	2,550	2,898
Tower rental and transmitter maintenance	1,012	-	1,012	980	-	980
Interest income	396	-	396	396	-	396
Sales and Licensing	428	-	428	332	-	332
Property tax rebate program for charities	222	-	222	244	-	244
Asset disposal	3	-	3	11	-	11
Others	117	-	117	65	-	65
	7,279	**2,444**	**4,835**	**7,476**	**2,550**	**4,926**

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13. BEQUEST

During the year ended March 31, 2014, The Authority was informed that it was a beneficiary of the estate of a TVO viewer. The donor stipulated in his will that 25% of the bequest be applied toward *The Agenda* program. This restricted portion of the bequest is included in Deferred Revenue in the Statement of Financial Position. Revenue will be recognized in future years when expenditures are incurred toward new projects associated with *The Agenda*.

The Authority has internally restricted the remaining 75% of the bequest for new projects or enhancement of existing products or services as approved by the Board of Directors. This amount is recognized as Bequest revenue in the Statement of Operations and as Internally Restricted Net Assets in the Statement of Financial Position.

Total bequest revenue received during fiscal years 2014 and 2015 has been accounted for as follows:

($000s)	2015	2014	Total
Bequest contributions received or receivable	127	2,428	2,555
Restricted bequest deferred to future year (note 8)	(32)	(607)	(639)
Bequest revenue / Internally Restricted Net Assets	95	1,821	1,916

14. EXPENSES

a) Allocated Expenses

The Authority allocates certain general expenses to major activities on the following bases:

Building cost – based on floor area occupied by the activity
Cost of mailing, shipping and printing – based on usage

Total general expenses allocated to major functional groups are as follows:

($000s)	2015	2014
Current affairs and documentaries	1,946	1,683
Technical and production support services	1,514	1,093
Independent Learning Centre	592	657
Management and general	582	601
Cost of other earned revenue	93	89
	4,727	**4,123**

b) Expenses by Type

The Statement of Operations reports on expenses by activity. Expenses by type during the fiscal year are as follows:

($000s)	2015	2014
Salaries and wages	29,483	28,486
Employee benefits	4,945	4,473
Employee future benefits	2,822	3,769
Licences and other	5,740	5,321
Facilities	4,533	4,650
Transportation and Communication	2,053	2,224
Other services	6,764	5,730
Supplies and equipment	547	713
Amortization of capital assets and accretion expense	3,611	3,530
	60,498	**58,896**

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15. COMMITMENTS

The Authority has entered into operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31 ($000s)	Head Office Space	Others	Total
2016	1,307	637	1,944
2017	1,307	336	1,643
2018	1,353	204	1,557
2019	1,385	-	1,385
2020	1,385	-	1,385
2021 and beyond	10,649	-	10,649
	17,386	**1,177**	**18,563**

The lease of head office space expires on August 31, 2027.

16. THE INDEPENDENT LEARNING CENTRE

The ILC provides a wide range of distance education courses in English and in French that allow adults to earn secondary school diploma credits, upgrade their basic skills, or study for personal development. It also supports children who may not be able to access elementary day school programs. The General Education Development testing is also available through the ILC.

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects is deferred until the related expenses have been incurred.

($000s)	2015	2014
Activities were funded by:		
Ministry of Education ILC grant	6,421	6,421
Homework Help project	4,000	4,000
Funding deferred from prior year (note 8)	1,534	1,534
Funding deferred to a future year (note 8)	(1,752)	(1,534)
ILC grant and project funding recognized	**10,203**	**10,421**
ILC earned revenues	2,546	2,767
Total ILC grant, project funding and earned revenue	**12,749**	**13,188**
Expenses during the year:		
Salaries and benefits	9,206	9,420
Transportation and communication	355	374
Services	588	535
Allocated general expenses (note 14)	592	657
Licences	117	247
Supplies, equipment and others	119	157
Total ILC expenses	**10,977**	**11,390**
ILC contribution to overhead	**1,772**	**1,798**

Direct expenses related to the funding deferred to a future year have been budgeted for the 2016 fiscal year.

17. CONTINGENCIES

A contingency is an existing situation involving uncertainty as to the possible gain or loss to the Authority, the ultimate outcome of which cannot be predicted with certainty. Contingent losses refer to legal claims that have been made against the Authority, and management does not expect that the outcome of the claims will have a material and adverse effect on its results. Contingent gains refer to an insurance claim resulting from a flood at the Authority's premises on August 27, 2014, which caused water damage to some of the Authority's production equipment. Negotiations are ongoing with the Authority's insurance company.

No amounts have been recognized in the accounts for contingent gains or losses due to the uncertain outcome. Any settlements will be accounted for at the time of settlement.

18. RELATED PARTY TRANSACTIONS

The Authority is a Crown Corporation of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. Specifically, the Authority received revenue from Ontario school boards for Independent Learning Centre (ILC) course fees and sales of educational materials. These transactions were recorded at exchange amounts agreed to by the related parties.

Non-grant revenue received from related parties during the year is as follows:

($000s)	2015	2014
School boards	788	960
	788	**960**

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the basis of the financial statement presentation adopted in the current year.

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